

**Opening Statement of Chairman Greg Walden
Subcommittee on Oversight and Investigations
Hearing “Examining Concerns of Patient Brokering and Addiction Treatment
Fraud.”
December 12, 2017**

(As prepared for delivery)

Thank you, Mr. Chairman, for holding this hearing. Congratulations again for taking over this esteemed subcommittee, and I look forward to working closely with you in your new capacity.

For years, this committee has been at the tip of the spear in combating the opioid epidemic. Issues first explored in hearings before this subcommittee became integral parts of the Comprehensive Addiction and Recovery Act (CARA). Knowing that our work on the opioid epidemic is far from done, one of my first acts as Chairman was to task this subcommittee with digging deeper into these issues.

I’ve held roundtables across Oregon to hear from patients, providers, and law enforcement officers on how we can best tackle this epidemic. The feedback I’ve received from communities like Grants Pass and Bend has been most helpful as we develop this investigation.

Today’s hearing subject is classic oversight and investigations territory: fraudsters who exploit the vulnerable for profit. This particular outrage involves unscrupulous people trying to make a buck off of the nation’s opioid epidemic with unethical practices such as patient brokering, identity theft, kickbacks, and insurance fraud.

How do these abuses happen? One such story was reported in STAT News. A 30-year old man in Massachusetts suffering from heroin addiction was approached by a prominent figure in the Boston-area drug recovery community with an offer too good to be true. The patient could get treatment in South Florida, with all expenses paid, including airfare. This young man took the deal and two months later he was dead. He was treated as a paycheck by a middle man, a “patient broker,” who recruits and arranges transportation and insurance coverage for vulnerable patients seeking treatment for their addiction.

These patient brokers can earn up to tens of thousands of dollars a year from finder's fees of \$500 to \$1,000 per person by steering patients to out-of-state treatment centers that often provide few services and sometimes are run by shady operators with no training or expertise in drug treatment. Even worse are allegations that bad actors entice patients into relapsing so that treatment facilities can collect more insurance money.

In addition to these recruiting schemes, the committee has also heard and read of allegations regarding treatment and billing practices.

A *Palm Beach Post* investigation of the county's \$1 billion drug treatment industry found that testing urine in the substance use disorder treatment industry is so lucrative that treatment centers are paying sober living homes for patients. A basic urine drug screening test in cup can detect 10 types of drugs or more, costs less than \$10, and can display the results within minutes. Yet we've heard of instances where individuals are tested daily and the treatment facility or sober living home sends the samples for more expensive confirmatory tests that can cost thousands of dollars.

Another nefarious problem is "black hat marketing" where some providers overstate their treatment capabilities or use established treatment program names to market and attract patients, a form of identity theft. The fraudsters also use misleading websites or call centers to recruit out-of-state patients who were looking for a legitimate treatment provider in their local area.

These abuses have consequences. It threatens patients, communities, taxpayers, and insurance policyholders. It undermines the ethical and legitimate treatment facilities that provide life-saving treatment to patients.

The committee's investigation has revealed that while many of these schemes involve steering patients to warm-climate destinations such as California, Florida, and Arizona, it is increasingly emerging as a nationwide problem.

Today's hearing will help bring needed attention to this issue, highlight some effective actions taken, and start a thoughtful discussion on the best solutions to combatting these corrupt practices while protecting good and legitimate treatment programs and those that are seeking treatment.

Thank you to our witnesses for being here today and we look forward to your testimony.

